

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 ICA-11 TRSE-00 OMB-01
DODE-00 /073 W
-----085119 290704Z /10

R 280850Z APR 78
FM AMEMBASSY LUXEMBOURG
TO SECSTATE WASHDC 6370
INFO AMEMBASSY BRUSSELS
USMISSION USNATO
USCINCEUR VAIHINGEN GER

LIMITED OFFICIAL USE LUXEMBOURG 0460

E.O. 11652: N/A
TAGS: MARR LU
SUBJECT: ALLIED DEFENSE CONTRIBUTIONS - LUXEMBOURG

REF: (A) STATE 077837, (B) BRUSSELS 06592, (C) USCINCEUR
201848Z APR 78

1. US MILITARY PERSONNEL IN LUXEMBOURG INCLUDE THOSE ATTACHED TO THE OFFICE OF DEFENSE COOPERATION AND THE DEFENSE ATTACHE OFFICE IN BRUSSELS (BOTH ACCREDITED TO THE AMEMBASSY LUXEMBOURG BUT WITH OFFICES IN AMEMBASSY BRUSSELS), ONE US MILITARY REP TO NAMSA, AND A TWO MAN US ARMY VETERINARY DETACHMENT.

2. PROCUREMENT OF SERVICES AND SUPPLIES. DURING THE PAST THREE REFORGER EXERCISES, THE LUXEMBOURG ARMY HAS REQUESTED ONLY PARTIAL REIMBURSEMENT FOR EXPENSES INCURRED IN PROVIDING SERVICES TO SUPPORT MOVEMENT OF US MILITARY PERSONNEL AND EQUIPMENT THRU LUXEMBOURG. OF A TOTAL OF \$7,500 ESTIMATED BY USAREUR TO SUPPORT MOVEMENT OF APPROX 1200 TRANSIENT PERSONNEL AND EQUIPMENT FROM LUX TO FRG FOR
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REFORGER 77, THE LUX ARMY REQUESTED REIMBURSEMENT OF ONLY \$1,200 FOR BUS TRANSPORTATION AND LINE HAUL. OTHER SERVICES AND SUPPLIES PROVIDED, SUCH AS CLASS 1 SUBSISTENCE, FUEL, BILLETING, WATER/ELECTRICITY, AND SANITARY CLEAN-UP WERE NOT CHARGED. SIMILAR COST-FREE SERVICES WERE PROVIDED DURING REFORGER 75 AND REFORGER 76.

3. TAX RELIEF. A TAX AGREEMENT WAS NEGOTIATED IN 1952 BETWEEN THE GOL AND USG GRANTING RELIEF FROM LUX FEDERAL 10 PERCENT VALUE ADDED TAX. WHILE LOCAL AND MUNICIPAL TAXES ARE NOT INCLUDED IN THE AGREEMENT, THE GOL IS CURRENTLY EXPLORING THE POSSIBILITY OF OBTAINING EXEMPTION FROM THESE TAXES FOR THE CONSTRUCTION OF STORAGE FACILITIES THAT ARE CURRENTLY UNDER NEGOTIATION BETWEEN USAREUR AND GOL.

4. STORAGE FACILITIES. EXPLORATORY TALKS ARE CURRENTLY IN PROGRESS BETWEEN USG AND GOL FOR APPROX 180,000 M2 OF COVERED STORAGE IN LUXEMBOURG TO BE CONSTRUCTED AND OPERATED BY A QUASI-GOVERNMENTAL COMPANY. THE GOL OFFER TO CONSTRUCT AND OPERATE THE PROPOSED FACILITIES ON A NON-PROFIT BASIS COULD DEVELOP INTO A MEANINGFUL ALLIED DEFENSE CONTRIBUTION. THE GOL IS ALSO CURRENTLY EXPLORING OTHER ASPECTS OF THE STORAGE FACILITIES UNDER NEGOTIATION THAT SHOULD BE CONSIDERED AS ALLIED DEFENSE CONTRIBUTIONS SHOULD THEY MATERIALIZE:
(A) FINANCING OF PROJECT IN US DOLLARS RATHER THAN LUX FRF
(B) EXEMPTION FROM LOCAL/MUNICIPAL TAXES
(C) ASSIGNMENT OF A RESIDUAL VALUE TO CONSTRUCTED FACILITIES THAT WOULD BE DEPRECIATE US COSTS.

5. AMMUNITIO DEPOTS. INITIAL INFORMAL TALKS HAVE BEEN OPENED BETWEEN USAREUR AND LUX ARMY TO DISCUSS POSITIONING OF US MUNITIONS AT AN EXISTING LUX ARMY AMMO DEPOT. THE US INTENTION IS TO DETERMINE IF THE LUX ARMY WOULD STORE AND LIMITED OFFICIAL USE

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MAINTAIN US MUNITIONS ON A NON-PROFIT BASIS IN EXCHANGE FOR THE OPPORTUNITY OF ON-THE-JOB-TRAINING. INFORMAL TALKS HAVE NOT YET PROGRESSED TO THAT POINT WHERE A LUX ARMY REACTION CAN BE ANTICIPATED.

6. WAIVER OF FEES. DURING PAST REFORGER EXERCISES, GOL HAS WAIVED AIRCRAFT LANDING FEES AT LUX INTERNATIONAL AIRPORT FOR 12-15 US AIR FORCE C-141 AIRCRAFT CARRYING US PERSONNEL AND EQUIPMENT DURING EACH REFORGER EXERCISE.

7. US EMBASSY PERSONNEL ARE EXEMPT FROM PAYMENT OF CUSTOMS DUTIES AND HOST COUNTRY TAXATION WITH THE SINGLE EXCEPTION OF VALUE ADDED TAX (OF 10 PERCENT) LEVIED ON OFFICIAL PURCHASES OF LESS THAN FRF LUX 5,000 (FL32-\$1.00).
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALLIANCE, COLLECTIVE SECURITY AGREEMENTS, PERSONNEL ASSIGNMENTS, REGIONAL DEFENSE ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LUXEMB00460
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780183-0699
Format: TEL
From: LUXEMBOURG
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978045/aaaaadyi.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dd8112ad-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 STATE 77837, 78 BRUSSELS 6592
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2947775
Secure: OPEN
Status: NATIVE
Subject: ALLIED DEFENSE CONTRIBUTIONS - LUXEMBOURG
TAGS: MARR, LU, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/dd8112ad-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014